

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Summary Suspension of the	)	
Licenses to Operate Gambling Activities of:	)	NO. CR 2010-00330
	)	CR 2010-00392
BZ's Sports Bar & Grill	)	CR 2010-00391
Burien,	)	
	)	
Good Time Ernie's	)	<b>FINDINGS OF FACT,</b>
Burien,	)	<b>CONCLUSIONS OF LAW,</b>
	)	<b>AND ORDER OF SUMMARY</b>
Tall Timbers Bar & Grill	)	<b>SUSPENSION OF LICENSES</b>
Federal Way,	)	
	)	
Licensee.	)	

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RCW 9.46.070(17) authorizes the Director of the Commission to summarily suspend<sup>1</sup> licenses, subject to final action by the Commission. This matter came before the Director for a summary suspension of the gambling licenses for BZ's Sports Bar & Grill, Good Time Ernie's and Tall Timbers Bar & Grill; the Director has issued this order and ordered service upon the licensees.

This order is effective immediately upon service to the licensees, an authorized representative, or an agent for the licensees. An authorized agent of the Commission shall seize all the licensees' current licenses and gambling activities shall stop.

**FINDINGS OF FACT**

I.

Rick Day is the Director of the Washington State Gambling Commission and issues this order in that capacity. Jurisdiction of this proceeding is based on chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and Title 230 WAC.

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<sup>1</sup> The Administrative Procedure Act, RCW 34.05.422(4), provides that if an agency finds that public health, safety, or welfare imperatively requires emergency action, and incorporates a finding to that effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other action. These proceedings shall be promptly instituted and determined.

## II.

The Washington State Gambling Commission issued:

1) TLF Holdings, LLC., d/b/a BZ's Sports Bar & Grill in Burien, organization number 00-18570, the following licenses:

- Number 05-10095, Authorizing Class "D" Punchboard/Pull-Tab Activity; and
- Number 53-20182, Authorizing Commercial Amusement Game Activity.

These licenses expire on September 30, 2010, and were issued subject to the licensees' compliance with state gambling laws and Commission rules.

2) Tall Timbers Enterprise, LLC., d/b/a Good Time Ernie's in Burien, organization number 00-20111, the following licenses:

- Number 05-19988, Authorizing Class "B" Punchboard/Pull-Tab Activity; and
- Number 53-20726, Authorizing Commercial Amusement Game Activity.

The licenses expire on March 31, 2011, and were issued subject to the licensees' compliance with state gambling laws and Commission rules.

3) Tall Timbers Enterprise, LLC., d/b/a Tall Timbers Bar & Grill in Federal Way, organization number 00-19435, the following licenses:

- Number 05-19682, Authorizing Class "E" Punchboard/Pull-Tab Activity; and
- Number 53-20608, Authorizing Commercial Amusement Game Activity.

The licenses expire on June 30, 2010, and were issued subject to the licensees' compliance with state gambling laws and Commission rules.

## III.

After a thorough review of the report by a Commission Special Agent concerning the facts in this matter, the Director accepts the report as true and makes the determination that the action ordered is warranted.

## IV.

Since 2005, William Lau, owner of BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill, falsified pull-tab records and gambling tax returns. As a result, Mr. Lau underreported gross gambling receipts to Commission staff and to the local taxing authority. By underreporting gross gambling receipts to local taxing authorities, Mr. Lau paid a smaller amount of gambling taxes than if he had correctly reported his gross gambling receipts. Mr. Lau also failed to control pull-tab inventory.

## Ownership:

1) William & Josephine Lau are each fifty percent owners of the Lau Family Trust. The Lau Family Trust is owner and operator of:

- a) TLF Holdings, LLC., d/b/a BZ's Sports Bar & Grill in Burien; and
- b) Tall Timbers Enterprise, LLC., d/b/a:
  - Good Time Ernie's in Burien; and
  - Tall Timbers Bar & Grill in Federal Way.

2) As the owner, William Lau has actual influence over the management and operation of BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill. Therefore, Mr. Lau is a substantial interest holder of BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill, as defined in WAC 230-03-045.

## Underreporting on Gambling Records

### BZ's Sports Bar & Grill

3) In January 2010, a Commission Special Agent (agent) conducted a pull-tab inspection at BZ's Sports Bar & Grill (BZ's). The agent reviewed the games removed from play (dead games) and the monthly income summary records<sup>2</sup> (MIS). The agent found a dead game that Mr. Lau did not record on a MIS. The agent reminded Mr. Lau that he needed to include the dead game on a MIS.

4) In March 2010, the agent continued the pull-tab inspection and audited the gross gambling receipts on the October, November, and December 2009 MIS. The agent found the recorded totals for the gross gambling receipts were incorrect. The recorded totals were less than the actual amount of the total gross gambling receipts.

5) The agent found that Mr. Lau underreported the following gross gambling receipts amounts: October 2009 by \$3,000, November 2009 by \$2,500, and December 2009 by \$800.

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<sup>2</sup> Pull-Tab Monthly Income Summary (MIS): When pull-tab operators remove a pull-tab game from play they must record, along with other information, gross gambling receipts for the pull-tab game. The pull-tab operator totals the amounts for each column on each page and a grand total for the month. Pull-tab operators must complete the MIS within 15 days of the end of each month and be available for audit or inspection the next day.

6) Because he discovered the underreporting, the agent reviewed all of BZ's MIS since 2006. The agent found the following times when Mr. Lau underreported the gross gambling receipts:

Year	Times underreported	Amount underreported (approx)
2006	2	\$5,097.25
2007	23	\$14,401.00
2008	17	\$10,203.75
2009	14	\$23,700.00
2010 (Jan & Feb)	4	\$4,550.00
Six games dead games that were not recorded on a MIS <sup>3</sup>	N/A	\$2,550.00
Total	60	\$57,952.00

7) Because the agent discovered that Mr. Lau underreported the gross gambling receipts at BZ's, the agent reviewed the pull-tab records for the other two businesses that Mr. Lau owns and operates: Good Time Ernie's and Tall Timbers Bar & Grill.

#### Good Time Ernie's

8) The agent reviewed Good Time Ernie's MIS since 2005. The agent found eight times when the recorded totals for the gross gambling receipts were less than the actual amount of the total gross gambling receipts.

9) The agent found the following times when Mr. Lau underreported the gross gambling receipts:

Year	Times underreported	Amount underreported (approx)
2005	0	\$0
2006	1	\$972.00
2007	0	\$0
2008	2	\$1,256.25
2009	3	\$3,137.50
2010 (Jan & Feb)	2	\$1,100.00
Total	8	\$6,465.75

<sup>3</sup> The agent found these dead games and audited them to find the amount of gross gambling receipts that Mr. Lau did not report on a MIS.

### Tall Timbers Bar & Grill

10) The agent reviewed Tall Timbers Bar & Grill's (Tall Timbers) MIS since 2005. The agent found sixty times when the recorded totals for the gross gambling receipts were less than the actual amount of the total gross gambling receipts.

11) The agent found the following times when Mr. Lau underreported the gross gambling receipts:

Year	Times underreported	Amount underreported (approx)
2005	2	\$11,000.00
2006	7	\$27,384.75
2007	19	\$60,502.00
2008	16	\$48,001.25
2009	14	\$68,601.50
2010 (Jan & Feb)	2	\$11,000.00
Total	60	\$226,489.50

12) On March 23, 2010, the agent interviewed Kate O'Neil, manager of BZ's, and she told the agent the following:

- a) William Lau was the owner and operator of BZ's, Good Time Ernie's, and Tall Timbers.
- b) She puts pull-tab games into play and removes pull-tab games from play.
- c) She completes the monthly records for the pull-tab games pulled from play at BZ's.
- d) She does not add up the totals on the MIS.
- e) Mr. Lau adds the totals on the MIS for BZ's.
- f) She occasionally works at Good Time Ernie's and there is another manager for Tall Timbers named Colleen.

13) The agent had Ms. O'Neil review some MIS for BZ's and Good Time Ernie's. She identified her handwriting on the MIS, as well as Mr. Lau's and Colleen's handwriting on the MIS. The agent had highlighted totals on the MIS that were underreported, but he did not tell Ms. O'Neil the highlighted amounts were underreported. The agent asked Ms. O'Neil to identify who wrote the highlighted amounts. Ms. O'Neil told the agent that Mr. Lau wrote the highlighted total on both BZ's and Good Time Ernie's MIS.

14) On March 25, 2010, the agent interviewed Colleen Schroeder, manager of Good Time Ernie's and Tall Timbers, and she told the agent the following:

- a) William Lau was the owner and operator of BZ's, Good Time Ernie's, and Tall Timbers.

- b) She puts pull-tab games into play and removes pull-tab games from play.
- c) She completes the monthly records for the pull-tab games at BZ's, Good Time Ernie's, and Tall Timbers.
- d) She adds up the totals at the bottom of the sections (each page) on Tall Timbers' MIS, but Mr. Lau adds up the grand total for the month (on last page).
- e) She occasionally works at BZ's and the manager for BZ's is named Kate.

15) The agent had Ms. Schroeder review some MIS for Tall Timbers and Good Time Ernie's. She identified her handwriting and Mr. Lau's handwriting on the MIS. The agent had highlighted totals on some MIS that were underreported, but he did not tell Ms. Schroeder the highlighted amounts were underreported. The agent asked Ms. Schroeder to identify who wrote the highlighted amounts. Ms. Schroeder told the agent that Mr. Lau wrote the highlighted amounts on both Tall Timbers and Good Time Ernie's MIS.

#### **Underreporting on Quarterly Activity Reports and Gambling Tax Returns**

16) Pull-tab operators must submit to Commission staff a Quarterly Activity Report (QAR) that includes the gross gambling receipts, prizes paid, and cash over/short for each quarter. These figures come from the MIS.

17) BZ's and Good Time Ernie's must pay the City of Burien a five percent tax on its pull-tab gross gambling receipts as reported on its QAR, and Tall Timbers Bar & Grill must pay the City of Federal Way a five percent tax on its pull-tab gross gambling receipts as reported on its QAR.

#### **BZ's Sports Bar & Grill**

18) The agent reviewed BZ's QARs from first quarter 2006 through fourth quarter 2009. Mr. Lau prepared and signed all of BZ's' QARs. The agent found that Mr. Lau underreported gross gambling receipts to Commission staff by approximately \$92,138.

19) The agent reviewed BZ's Gambling Tax Returns from first quarter 2006 through third quarter 2009. Mr. Lau prepared and signed all of BZ's' Gambling Tax Returns to the City of Burien. The agent found that Mr. Lau underreported BZ's gross gambling receipts by approximately \$92,138. As a result, BZ's failed to pay approximately \$4,606.90 in gambling taxes to the City of Burien.

#### **Good Time Ernie's**

20) The agent reviewed Good Time Ernie's QARs from first quarter 2006 through fourth quarter 2009. Mr. Lau prepared and signed all of Good Time Ernie's QARs. The agent found that Mr. Lau underreported gross gambling receipts to Commission staff by approximately \$16,849.25.

21) The agent reviewed Good Time Ernie's Gambling Tax Returns from first quarter 2006 through third quarter 2009. Mr. Lau prepared and signed all of Good Time Ernie's Gambling Tax Returns to the City of Burien. The agent found that Mr. Lau underreported Good Time Ernie's gross gambling receipts by approximately \$17,902.25<sup>4</sup>. As a result, Good Time Ernie's failed to pay approximately \$885.11 in gambling taxes to the City of Burien.

#### Tall Timbers Bar & Grill

22) The agent reviewed Tall Timbers Bar & Grill's QARs from first quarter 2006 through fourth quarter 2009. Mr. Lau prepared and signed all of Tall Timbers Bar & Grill's QARs. The agent found that Mr. Lau underreported gross gambling receipts by approximately \$246,479.50.

23) The agent reviewed Tall Timbers Bar & Grill's Gambling Tax Returns from January 2005 through December 2009. Mr. Lau prepared and signed all of Tall Timbers Bar & Grill's Gambling Tax Returns to the City of Federal Way. The agent found that Mr. Lau underreported Tall Timbers Bar & Grill's gross gambling receipts by approximately \$246,479.50. As a result, Tall Timbers Bar & Grill failed to pay approximately \$12,323.98 in gambling taxes to the City of Federal Way.

#### **Failure to Control Pull-Tab Inventory**

24) The agent reviewed BZ's pull-tab inventory by examining pull-tab purchase invoices, ID stamps,<sup>5</sup> MIS, pull-tabs games in play, pull-tab games purchased and not yet in play, and dead games.

25) The agent was unable to find some pull-tab games that BZ's put into play.<sup>6</sup> The games were not currently in play and not listed on a MIS. If BZ's removed the games from play, the MIS would have, along with other information, the date BZ's removed the game from play and the gross gambling receipts.

26) In September 2006, the agent issued BZ's a Notice of Infraction for failure to control pull-tab inventory. The agent found 82 pull-tab games that were unaccounted for. (CR 2006-01638)

27) In September 2006, the agent issued Good Time Ernie's a Notice of Infraction for failure to control pull-tab inventory. The agent found 42 pull-tab games that were unaccounted for. (CR 2006-01641)

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<sup>4</sup> For the first quarter of 2008, Mr. Lau reported \$14,814 for gross gambling receipts on the QAR. However, he reported \$13,761 for gross gambling receipts on the Gambling Tax Return for first quarter 2008.

<sup>5</sup> ID Stamps: A nine digit tracking number that operators must use to record and account for each pull-tab game from when they purchase it to when they remove it from play. Pull-tab operators are required to place the ID stamp and the date the game was put into play on purchase invoices. The ID stamp must also be put on the MIS along with the date the game was put into play and the date it was removed from play.

<sup>6</sup> The games were listed on purchase invoices, identified by ID stamps, and have a date the game was put into play written on the invoices.

## CONCLUSIONS OF LAW

### I.

#### 1) **RCW 9.46.070 Gambling Commission — Powers and duties.**

The Commission shall have the following powers and duties:

The following subsection applies:

(17) The Commission may authorize the Director to temporarily suspend licenses subject to final action by the Commission.

#### 2) **WAC 230-17-165 Summary Suspensions**

The following subsection(s) apply:

(2) The Commission delegates its authority to the Director to summarily suspend any license if the Director determines that a licensee has performed one or more of the actions identified in RCW 9.46.075 as posing a threat to public health, safety, or welfare.

(3) The Commission deems the following actions of a licensee or permittee constitute an immediate danger to the public safety and welfare:

(a) Failing or refusing to comply with the provisions, requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or any rules adopted by the Commission; or

(h) Making a misrepresentation of, or failure to disclose, a material fact to the Commission; or

(i) Having pursued or pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates probable cause to believe that the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity in this state. For the purposes of this section, occupational manner or context shall be defined as the systematic planning, administration, management, or execution of an activity for financial gain.

Mr. Lau, owner and operator of BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill, repeatedly made false or misleading entries and failed to make entries on MIS, QARs, and Gambling Tax Returns by underreporting pull-tab gross gambling receipts and failing to record dead games on the MIS.

By underreporting gross gambling receipts to local taxing authorities, Mr. Lau paid a smaller amount of gambling taxes than if he had correctly reported his gross gambling receipts. Mr. Lau pursued economic gain in an occupational manner by underreporting gross gambling receipts, and his participation in gambling or related activities would be detrimental to the proper operation of gambling.

By making false or misleading entries, as well as, failing to make entries on reports that a gambling licensee is required to make or maintain, Mr. Lau failed to comply with the provisions, requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or the rules adopted by the Commission.



The licensee's actions constitute an immediate danger of public safety and welfare based on WAC 230-17-165(3)(a), (h), and (i), and are a basis for immediate cessation of licensed activities for BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill.

**3) RCW 9.46.075 Denial, Suspension, or Revocation of license.**

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: The following subsection(s) apply:

- (1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.
- (7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission.
- (8) Fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of this chapter.
- (10) Has pursued or is pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates probable cause to believe that the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity in this state. For the purposes of this section, occupational manner or context shall be defined as the systematic planning, administration, management or execution of an activity for financial gain.

**4) RCW 9.46.153(1) Applicants and licensees-Responsibilities and duties**

It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

Mr. Lau repeatedly made false or misleading entries and failed to make entries on MIS, QARs, and Gambling Tax Returns by underreporting pull-tab gross gambling receipts and failing to record dead games on the MIS.

By underreporting gross gambling receipts on Gambling Tax Returns, Mr. Lau paid a smaller amount of gambling taxes than if he had correctly reported his gross gambling receipts. Mr. Lau pursued economic gain in an occupational manner by underreporting gross gambling receipts and his participation in gambling or related activities would be detrimental to the proper operation of gambling.

By making false or misleading entries, as well as, failing to make entries on reports or records all the licensees were required to make or maintain, Mr. Lau failed to comply with the provisions,

requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or the rules adopted by the Commission.

Because of his actions, Mr. Lau has failed to establish by clear and convincing evidence the necessary qualifications for licensure as required in RCW 9.46.153(1).

Therefore, grounds exist to revoke the licenses of BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill under RCW 9.46.075(1), (7), (8), and (10).

**5) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit.**

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

The following subsection(s) apply:

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by: (a) Prior activities; or (b) Criminal record; or (c) Reputation; or (d) Habits; or (e) Associations.

Since 2005, Mr. Lau has repeatedly made false or misleading entries, as well as failed to make entries on reports or records that all the licensees were required to make or maintain. Therefore, Mr. Lau demonstrated willful disregard for complying with ordinances, statutes, and administrative rules.

Mr. Lau's pattern of falsifying gambling records by underreporting gambling revenue and failing to make entries on monthly income summaries demonstrates that he poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities.

Therefore, grounds exist to revoke the licenses of BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill under and WAC 230-03-085(1), (3), and (8).

**6) RCW 9.46.190 Violations relating to fraud or deceit.**

Any person or association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation:

The following subsection(s) apply:

(1) Employ any device, scheme, or artifice to defraud; or

(2) Make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made not misleading, in the light of the circumstances under which said statement is made; or

(3) Engage in any act, practice or course of operation as would operate as a fraud or deceit upon any person;

Shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.02.021.

Mr. Lau has falsified records and reports and has misrepresented his gross gambling receipts to the local taxing authorities since 2005. Therefore, Mr. Lau paid a smaller amount of gambling taxes to the City of Burien and the City of Federal Way than if he correctly reported his gambling revenue. Mr. Lau engaged in an act that defrauded local taxing authorities out of tax revenue, in violation of RCW 9.46.190.

**7) RCW 9.46.170 False or misleading entries or statements, refusal to produce records.**

Whoever, in any application for a license or in any book or record required to be maintained by the Commission or in any report required to be submitted to the Commission, shall make any false or misleading statement, or make any false or misleading entry or willfully fail to maintain or make any entry required to be maintained or made, or who willfully refuses to produce for inspection by the Commission, or its designee, any book, record, or document required to be maintained or made by federal or state law, shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

Mr. Lau repeatedly made false or misleading entries, as well as, failed to make entries on reports or records that BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill are required to make or maintain, in violation of RCW 9.46.170.

**8) WAC 230-06-070 Keep monthly records.**

Every person or organization licensed to operate any gambling activity must maintain permanent monthly records of all financial transactions directly or indirectly related to gambling activities. The licensee must include all financial transactions in enough detail to prove compliance with recordkeeping requirements for the specific gambling activity.

The following subsection(s) apply:

(1) Every licensee must record for each licensed activity:

(a) The gross gambling receipts; and

(b) Full details on all expenses; and

(c) The total cost of all prizes paid.

(3) Licensees must record each licensed activity separately and include all transactions occurring during the calendar month. Licensees must complete these records and have them available for audit or inspection by our agents or other law enforcement no later than thirty days following the end of each month.

**9) WAC 230-14-285(1) Monthly income summary.**

Punchboard and pull-tab licensees must prepare a detailed monthly income summary for punchboard and pull-tab series removed from play in the format we require either manually or electronically.

**10) WAC 230-14-260 Inventory control**

(1) Punch board and pull-tab operators must control and account for each punchboard and pull-tab series they obtain. Operators must:

- (a) Enter the I.D. stamp numbers for the series in all records; and
- (b) Attach the packing slip to the original invoice if the pull-tab series is packed in more than one container; and
- (c) Record each pull-tab dispenser they purchase.

(2) Distributors must record every purchase of punchboards or pull-tabs on an invoice. Operators must use this record to account for each series between the time they purchase it and the time they remove it from play. Invoices must include space for the operator to attach:

- (a) The I.D. stamp numbers for each board or series; and
- (b) The date they placed the punchboard or pull-tab series out for play

Mr. Lau failed to control pull-tab inventory, failed to record the gross gambling revenue and additional information for all pull-tab games on a MIS, and failed to keep accurate gambling records, in violation of WAC 230-06-070, WAC 230-14-260, and WAC 230-14-285.

**11) WAC 230-03-045 Defining substantial interest holder.**

(1) "Substantial interest holder" means a person who has actual or potential influence over the management or operation of any organization, association, or other business entity.

(2) Evidence of substantial interest may include, but is not limited to:

- (a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or
- (b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity; or
- (c) Being an officer or director or managing member of an entity; or
- (d) Owning ten percent or more of any class of stock in a privately or closely held corporation; or
- (e) Owning five percent or more of any class of stock in a publicly traded corporation; or
- (f) Owning ten percent or more of the membership shares/units in a privately or closely held limited liability company; or
- (g) Owning five percent or more of the membership shares/units in a publicly traded limited liability company; or
- (h) Providing ten percent or more of cash, goods, or services for the start up of operations or the continuing operation of the business during any calendar year or fiscal year. To calculate ten percent of cash, goods, or services, take the operational expenses of the business over the past

calendar or fiscal year, less depreciation and amortization expenses, and multiply that number by ten percent; or

(i) Receiving, directly or indirectly, a salary, commission, royalties, or other form of compensation based on the gambling receipts.

## II.

Mr. Lau's actions constitute an immediate danger to the public safety and welfare and he has failed to comply with chapter 9.46 RCW or rules adopted by the Commission. Therefore, the immediate suspension of BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill's gambling activity is required for the protection of the safety and welfare of the public.

## ORDER

Based on the FINDINGS OF FACT AND CONCLUSIONS OF LAW, it is the ORDER of the Director, pursuant to the authority granted to him, that BZ's Sports Bar & Grill, Good Time Ernie's, and Tall Timbers Bar & Grill's licenses within the State of Washington are summarily suspended pending a formal hearing by an Administrative Law Judge.

## STATEMENT OF RIGHTS

(1) **You may ask for a stay of this Order.** You must complete and return to Commission staff the enclosed Application for Stay Hearing within fifteen (15) days of service of this Order. If the Commission receives a timely request, a hearing will be held within seven (7) days in accordance with WAC 230-17-170(3). The stay hearing will determine whether the immediate suspension is removed, or whether the terms of the suspension may be modified.

At the stay hearing, you will have to prove by clear and convincing evidence all of the following:

- (a) You will likely to win at hearing; and
- (b) If the immediate suspension is not removed, you will suffer serious injury. For purposes of this section, loss of income from licensed activities is not considered serious injury; and
- (c) Removing the immediate suspension will not hurt others involved in this case; and
- (d) The threat to the public safety or welfare is not sufficiently serious to justify continuation of the suspension, or that modification of the terms of the suspension will adequately protect the public interest.

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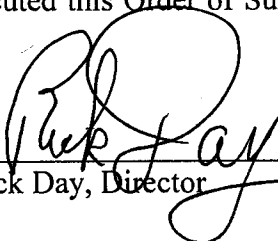
(2) **You also have a right to a hearing on the revocation of your licenses.** To do so, you must complete and return to Commission staff the enclosed Application for Hearing within twenty (20) days of service of this order. If you do NOT request a hearing, an Order of Default under RCW 34.05.440 will revoke your licenses.

If you have, any questions regarding the rights stated above, please contact Paralegal Michelle Pardee at (360) 486-3465 or 1-800-345-2529, extension 3465.


STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

Rick Day, being first duly sworn on oath, deposes and says:

He has read this Order of Summary Suspension of Licenses, knows its contents, and believes the same to be true, and that he is the duly appointed and qualified Director of the Washington State Gambling Commission and in that capacity has executed this Order of Summary Suspension of the Licenses.

  
Rick Day, Director

SUBSCRIBED AND SWORN TO before me this  
28 day of April, 2010.

  
NOTARY PUBLIC in and for the State of  
Washington, residing at: Lacey  
My Commission expires on June 16, 2013

